

HOUSE BILL REPORT

ESSB 5736

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to the availability of subscription air ambulance services.

Brief Description: Conducting an evaluation of the feasibility of subscription air ambulance service.

Sponsors: Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senator Spanel).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/29/05 [DP].

Brief Summary of Engrossed Substitute Bill

- Requires the Office of the Insurance Commissioner to perform an evaluation of subscription air ambulance service and report back to the Legislature with respect to its findings and recommendations by December 31, 2005.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 10 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Newhouse, O'Brien, Santos, Serben, Simpson, Strow and Williams.

Staff: CeCe Clynch (786-7168).

Background:

The insurance code governs all insurance and insurance transactions in this state or affecting subjects located within this state. "Insurance" is defined as "a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies." The insurance code protects consumers by various means, such as requiring: a certain level of reserves be on hand to pay claims; licensing of agents and brokers; registration; and, filing of forms and rates.

The availability of air ambulance service can be critical, particularly to island and rural residents. Some persons may risk their health and forego calling for an air ambulance because the cost is too high. One air ambulance service which was previously available to Washington's island residents is no longer available. Being subject to insurance rules and

regulations, including the reporting and solvency requirements found in the insurance code, may affect availability of air ambulance services.

Summary of Bill:

The Office of the Insurance Commissioner (OIC) is to fund and perform an evaluation of the feasibility of subscription air ambulance service. The evaluation is to be "geared toward" allowing individuals, corporations, and nonprofits to offer, sell, and provide such a service. The OIC's report of its evaluation, including recommendations based upon findings, must be provided to the Legislature by December 31, 2005.

In the course of the evaluation, the OIC must:

- consult with public and private entities which offer, provide, and purchase subscription air ambulance service;
 - assess the needs of potential providers, including the costs involved in providing service to island and rural areas and the burdens imposed by OIC reporting and solvency requirements;
 - determine the implications of subscription air ambulance service on consumer protection issues; and
 - perform a comparison with other states in which subscription air ambulance services operate.
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Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: There is a desire by residents of the San Juan Islands to once again have a subscription air ambulance service available. A similar desire has been expressed by rural areas around Spokane as well as other parts of the state. This will give the OIC the opportunity and direction to study the issue and take a look at what is being done in California, Idaho, and Oregon and see how subscription air ambulance services are working in these other states. All of the interested parties agree that an evaluation by the OIC is the way to proceed at this time. All share the hope that subscription air ambulance service can be provided in the future which is safe, consumer friendly, and satisfactory to the regulator. Air transport is sometimes a critical necessity for island residents. Ferries do not run 24 hours a day. Some people may delay or defer calling an air ambulance because of the cost involved. There is hope that an available and affordable subscription air ambulance service can meet this need.

Testimony Against: None.

Persons Testifying: Senator Spanel, prime sponsor; Mary Clogston, Office of the Insurance Commissioner; and Vicki Kirkpatrick, Washington Association of Counties.

Persons Signed In To Testify But Not Testifying: None.